

Approaches to Estimating Soviet Military Expenditures

Over the years two general approaches have been taken to estimate Soviet military expenditures. These two approaches will be referred to herein as the disaggregation approach and the "building block" approach.

The disaggregation approach is based on the hypothesis that Soviet aggregative releases - the budget, national income, indicate of the gross value of output and so on - are true in some sense. Thus, if only the veil of secrety can be penetrated to obtain precise definitions and the requisite detailed data, the release! figures could be disaggregated and their meaning would unfold. This sort of effort has been carried out with less than complete success but has yielded a gross appreciation of the magnitude and trend in the resources (expressed in mometary terms) which the Boviets may have available to devote to defense, nuclear waspons, and space activities.

For this reason and because the disaggregation approach offers little promise of providing for the planner's requirements for detail, for future projections or for insight into the bases for probable Seviet choices between compating vespon systems, the building block approach has tended to become the mainstay for estimating Seviet military expenditures. The results of this latter approach, of course, are compared with the magnitudes which are evolved in the disaggregation approach and are integrated into the various aggregative analyses of the Seviet course.

The essence of the building block approach is to identify cost centers that have structural significance in Seviet terms (e.g. Bodger regiments, MIG-17 regiments, operational strength tenk divisions, PVO BA-2 regiments, Strategic Booket Porces 85-6 regiments and the like). These cest centers not only are designed to reflect the structure of Seviet Forces as the Seviets see them but are also consistent with the intelligence estimating process and are sufficiently detailed to permit manipulation for intermational comparisons.

The estimates of force structure (order of tattle), military sumpower, and procurement or production of equipment or weapon systems are identified in terms of or distributed to those cent centers. Manushile, unit costs are deviced based on the best evailable direct rubbs prices or the combination of the best evailable estimates of what the units would have cost in delicate and as appropriate rubbs-delical ratios as could be found. Finally, the unit costs are applied to the estimated quantities and the results summarized in a variety of ways: by mission (strategic attack, air defense and so on), by resource category (personnel, procurement, construction and so on) and by industrial origin (machinery, electronics and so on).

Information deficiencies plague the final results of this approach also. Differing degrees of confidence can be attacked to the various component parts, depending on the quality of the estimates of quantities and prices which are involved. Relatively high confidence can be attacked to the estimates of expanditures for manpower; on the other hand, for those for research, development, test and evaluation the confidence limits are very wide, not only because of the problems of intelligence data, but also because of the inherent problems of defining and measuring such expenditures in any country.